

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

May 9, 2008

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.:05od-235

OAHU

Amend Prior Board Action of July 28, 2006. Item D-3; Mutual Cancellation of General Lease No. 4411 and Issuance of a 30-year Direct Lease to Diamond Head Theatre, Inc. for Production of Live Theater and Allied Purposes, including Education in Theatre Art Purposes; Honolulu, Oahu, Tax Map Key (1) 3-2-030:001

BACKGROUND:

On July 28, 2006, under agenda item D-3, the Board amended the staff's recommendation and approved the direct issuance of a 40-year lease to Diamond Head Theatre, Inc. (DHT) for production of live theater and allied purposes, including education in the theatre arts purposes. The approval also allowed an option to extend the 40-year term for an additional 25 years upon the terms and conditions as may be negotiated and agreed upon by DHT and the State.

Further, the Board stipulated that the rent of the new lease shall be set at \$480.00 per annum and 10% of the gross rental receipts received by DHT when it rents out the facility to third parties.

A copy of the 2006 approved submittal is attached as Exhibit A.

Recently, the Department of the Attorney General verbally advised the staff that there is no provision in the statutes that authorizes the 25-year extension in the new lease.

REMARKS:

DHT originally requested for a 65-year new lease, as noted in the first paragraph of the Remarks Section of the 2006 submittal. Nevertheless, staff recommended a 30-year term, which was consistent with other approvals to non-profit organizations.

Recently, the Board authorized the issuance of 65-year lease to non-profit organizations as listed below:

1. February 22, 2008, Item D-3; Hospice of Hilo for inpatient hospice facility and

related purposes.

2. March 28, 2008, Item D-12, Coalition of Specialized Housing for low-income rental housing and related purposes.

In 2004, a strategic plan conducted by DHT identified the goal of long-term viability and continued growth of the organization is hindered by the aging theatre structure. Therefore, a capital campaign is planned for the 60-plus year old structure, which is in need of a major refurbishment. A long-term lease will help DHT in raising money to renovate the theatre facility. In view of recent approvals mentioned above, staff recommends the Board amend its prior action by amending the term of the new lease to 65 years.

Further, DHT is in the process of allowing a church to use the facility for their services on Sunday. The Board was aware of similar sublease arrangement and therefore required a 10% of the gross rental receipts received by DHT in addition to the \$480 annual rent. To accommodate the sublease in the future, staff recommends the Board amend its prior action by changing the Character of Use to "Production of live theater and allied purposes, including education in the theater arts, cultural, community, and educational purposes" (amendments underlined).

Staff notes the correct name of the applicant should be "Diamond Head Theatre" instead of "Diamond Head Theatre, Inc." as appeared in the 2006 submittal. Staff recommends the Board authorize the correction of this discrepancy.

RECOMMENDATION: That the Board amend its prior action of July 28, 2006, item D-3 by:

1. Changing the name of applicant to "Diamond Head Theatre";
2. Amending the term of the new lease to 65 years; and
3. Amending the Character of Use of the new lease to read "Production of live theater and allied purposes, including education in the theater arts, cultural, community, and educational purposes"

Respectfully Submitted,


Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

July 28, 2006

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 05OD-235

Oahu

Mutual Cancellation of General Lease No. S-4411 and Issuance of a 30-year Direct Lease to the Diamond Head Theatre, Inc. for Production of Live Theater and Allied Purposes, including Education in the Theatre Arts Purposes, Honolulu, Oahu, Tax Map Key: (1) 3-2-030:001.

APPLICANT:

Diamond Head Theatre, Inc., a nonprofit corporation, whose business and mailing address is 520 Makapuu Avenue, Honolulu, Hawaii 96816.

LEGAL REFERENCE:

Section 171-43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Kaimuki, Honolulu, Oahu, identified as Tax Map Key: (1) 3-2-030:001, as shown on the attached map labeled Exhibit "A".

AREA:

2.735 acres, more or less.

ZONING:

State Land Use District: Urban
County of Honolulu CZO: Residential (R-5)/Theater (Non-conforming)

TRUST LAND STATUS:

Section 5(e) lands of the Hawaii Admission Act.

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:

as Amended
APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON
July 28, 2006

ITEM D-3

YES ____ NO X

CURRENT USE STATUS:

Encumbered by General Lease No. S-4411 to the Diamond Head Theatre, Inc.,
commencing August 18, 1974 and expiring on August 17, 2024.

CURRENT CHARACTER OF USE:

Production of live theater and allied purposes, including education in the theatre arts
purposes.

CURRENT ANNUAL RENT:

\$4,600 per annum, representing ten percent (10%) of fair market rent, or 10% of **net
receipts**, whichever is greater.

NEW LEASE:

CHARACTER OF USE:

Production of live theater and allied purposes, including education in the theatre arts
purposes.

LEASE TERM:

Thirty (30) years

COMMENCEMENT DATE:

To be determined by the Chairperson.

ANNUAL RENT:

Ten percent of fair market value, or 10% of net receipts, whichever is greater (see
"Remarks" section). Section 171-43.1, HRS.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

Every ten (10) years by staff or independent appraisal.

PERFORMANCE BOND:

Twice the annual rental amount.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1 that states "Operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing."

DCCA VERIFICATION:

| | | |
|---|--------------|--------------|
| Place of business registration confirmed: | YES <u>X</u> | NO <u> </u> |
| Registered business name confirmed: | YES <u>X</u> | NO <u> </u> |
| Applicant in good standing confirmed: | YES <u>X</u> | NO <u> </u> |

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Pay for the costs of public notice pursuant to section 171-16.
- 2) Pay for the costs of an appraisal in accordance with section 171-17(b)(2), HRS.

BACKGROUND:

The subject property, including both land and improvements, was acquired by the United States in 1923 and used as an army theater until it was leased in 1961 to the Lessee, who was then called the Honolulu Community Theatre. The property was conveyed to the State as Federal surplus by Land Office Deed S-21125, dated May 18, 1964. Because the land was originally acquired by the United States in exchange for ceded lands, the subject property has a trust land status of 5(e) pursuant to 5(f).

At its meeting on April 15, 1966, the Land Board authorized the sale of a 50-year lease (GL3997) by public auction to the Honolulu Community Theatre, which was later renamed "Diamond Head Theatre, Inc." (DHT). The upset and bid rental for GL3997 was

the greater of \$6,000 a year or 6% of gross revenues.

By August 17, 1974, DHT was \$36,000 in arrears and requested a lower rent under a new lease. At the time, laws were recently amended to allow direct leases to nonprofits, but the State was restricted from issuing leases to entities delinquent in any obligation to the State or to any of its political subdivisions. However, during its 1974 Legislative Session, the State appropriated \$38,000 to pay DHT's back rent, because it recognized the theater's contribution to cultural and educational development, and its reputation as the oldest community theatre in continuous operation in the United States. Accordingly, GL3997 was mutually cancelled and GL4411 was issued to DHT on August 18, 1974 with a lower rent. Staff also notes that in 1984, the State Legislature appropriated and released \$100,000 to DHT as a partial reimbursement for \$450,000 in capital expenditures DHT claimed to have performed on the premises.

REMARKS:

DHT is planning to embark on a campaign to raise capital that will enhance their programs and allow major refurbishments to the premises. For this purpose, DHT is requesting the mutual termination of GL4411 and the issuance of a new direct lease for sixty-five (65) years at less than fair market rental value. Staff points out that the Board has recently limited nonprofit Leases to a term of not more than thirty (30) years. DHT requested the longer 65-year term in conjunction with its financing campaign. DHT did not provide any further justification as to why a sixty five (65) year term was necessary, nor did it commit to a certain dollar amount of future building improvements. DHT also did not indicate whether a mortgage on the leasehold was necessary to fund and amortize future improvements to the existing structure. Therefore, unless DHT is able to justify a sixty (65) year term, staff is recommending that the Board follow recent precedent of limiting the nonprofit leases to thirty (30) year terms.¹

The last rental reopening for GL4411 occurred on August 18, 1994, which established the rent 10% of fair market value (\$4,600 per annum), or 10% of **net receipts**, whichever is higher. DHT has not defaulted on any of these annual lease payments.

Staff's notes that GL4411 was issued pursuant to Section 171-43.1, Hawaii Revised Statutes, which authorizes the Board to set the rent at below fair market value. In this case, the independent appraiser established the current rent the lower of ten percent (10%) of fair market, or 10% of net receipts. Considering the nature of DHT's commercial operation, and the lack of theatres offering similar services in the community, staff does not object to the Board following this formula in establishing the new initial lease rent

¹ A sixty five (65) term is the maximum allowable under Chapter 171. Staff is recommending an initial thirty (30) year term. If warranted, an extension could be granted later for up to thirty five (35) years, for a cumulative term of sixty five (65) years.

(i.e., 10% of fair market rental value, or 10% of net receipts, whichever is greater).

Staff reviewed information on DHT's operations, services, program measurements, budget and funding, which is attached herewith as Exhibit "B". DHT offers about six (6) theatrical productions each season; comprehensive performing arts training for children and adults, in voice, dance and acting through special workshops and regular class sessions at competitive rates. DHT also rents the theater to private groups at rates ranging from of **\$600 for nonprofits, up to \$1,200 per day for for-profit entities**. Rates for smaller rooms range between \$75 to \$350 per day. The annual rent revenues generated during the 2003 to 2005 fiscal years were provided by the Lessee and are attached herewith as Exhibit "C". Costs to manage and run the facilities during these rental periods are paid for by the renters at a cost of \$25 per hour for each required staff member, which may include a Technical Supervisor, House Manager, Audio Supervisor, Lighting Director, and Spot Light Director. These short-term rentals are theoretically "subleases" and subject to Board review and approval, and also subject to the Board's Sublease Rent Participation Policy, or "sandwich rent policy."² The Board's Sublease Rent Participation Policy (as amended on January 26, 2001) is attached hereto as Exhibit D. For tenants leasing land and improvements owned by the State and paying **less than fair market rental value**³, the State's sandwich position is 100% of the sublease rents that exceed the amount of rent paid by the tenant to the State under the Lease. For tenants who build and own the improvements during the term of the Lease, the State's sandwich position is 50% of the sublease rents (less certain allowable deductions as stated in Exhibit D) that exceed the rent paid by the tenant to the State under the Leases. The Board's Sublease Rent Participation Policy (Exhibit D) also allows staff the flexibility of evaluating the facts and circumstances of each situation and to recommend an appropriate amount of rent participation that would be fair and equitable under the circumstances. Thus, in this particular case, it appears DHT has made substantial improvements (to the tune of approximately \$350,000.00) to the existing structure situated on the property.⁴ Accordingly, although the State may actually own the improvements on the property, staff believes it may be appropriate in this case to apply the rent participation formula of 50%

² The current DHT Lease is a standard nonprofit Lease that prohibits any form of subleasing. Based on the facts and circumstances of this case, Staff is recommending that the new Lease for DHT insert our standard sublease provision that may allow for subleasing, but only with the Board's prior written consent. Furthermore, staff is also recommending the Board find good cause and waive the prior consent requirement for short term rentals (lasting for a day or two). HRS 171-36(a)(6)(D).

³ Generally, Chapter 171 requires DLNR to obtain fair market rents for use of State lands. Exceptions may be granted by the Board for nonprofits under section 171-43.1, HRS, and other governmental entities using State lands for public purposes under sections 171-11 and 171-95, HRS.

⁴ DHT claims to have spent approximately \$450,000 on improvements of which the legislature authorized a reimbursement of \$100,000.00. Despite this partial reimbursement, and the appropriation of \$38,000.00 for the payment of back rent, DHT apparently expended \$350,000.00 of funds it raised to improve the property.

of the sublease rents (less certain allowable deductions as stated in Exhibit D) that exceed the rent paid by the tenant to the State under the Leases.

Staff has not received any request for the use of the subject property from any government agency, community group, or member of the general public.

DHT has not defaulted on its Lease within the last two years and has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions. DHT is also in good standing with the State and has provided staff current information on its IRS 501(c)(3) status.

There were no objections from government agencies regarding this request. Community groups were not solicited for comment.

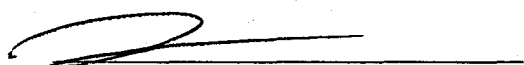
RECOMMENDATION: That the Board:

1. Approve the mutual termination of General Lease No. S-4411 to the Diamond Head Theatre, Inc.
2. Find that the public interest demands the issuance of a new direct lease to the Diamond Head Theatre, Inc. for Production of Live Theater and Allied Purposes, including Education in the Theatre Arts Purposes.
3. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a direct lease to the Diamond Head Theatre, Inc., covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current nonprofit lease document form, as may be amended from time to time;
 - B. That the Board finds good cause exists for establishing the rent under the new Lease **at less** than fair market rental value. The rent under the new lease shall be determined by an independent appraisal using the formula of 10% of the fair market rental value, or 10% of the net receipts, whichever is greater; rental reopening to occur every ten (10) years thereafter.
 - C. The application of the rent participation formula of 50% of the sublease rents [less certain allowable deductions as stated in the Sublease Rent Participation Policy, Exhibit D, as may be amended from time to time] that exceed the rent paid by the DHT to the State under the new Lease.
 - D. That the new Lease to DHT use the standard nonprofit lease form, but amended by inserting the standard sublease provision used when leasing to

for-profit entities; and provided further that the Board finds good cause exists for the waiving of the consent requirement for subleases where the arrangement is for short term rentals of the theatre lasting for a day or two, and therefore, waives the consent requirement in those instances;

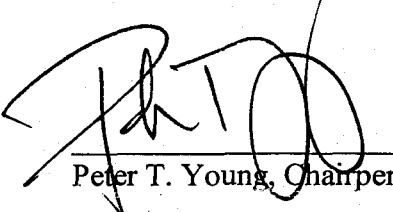
- E. Review and approval by the Department of the Attorney General; and
- F. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

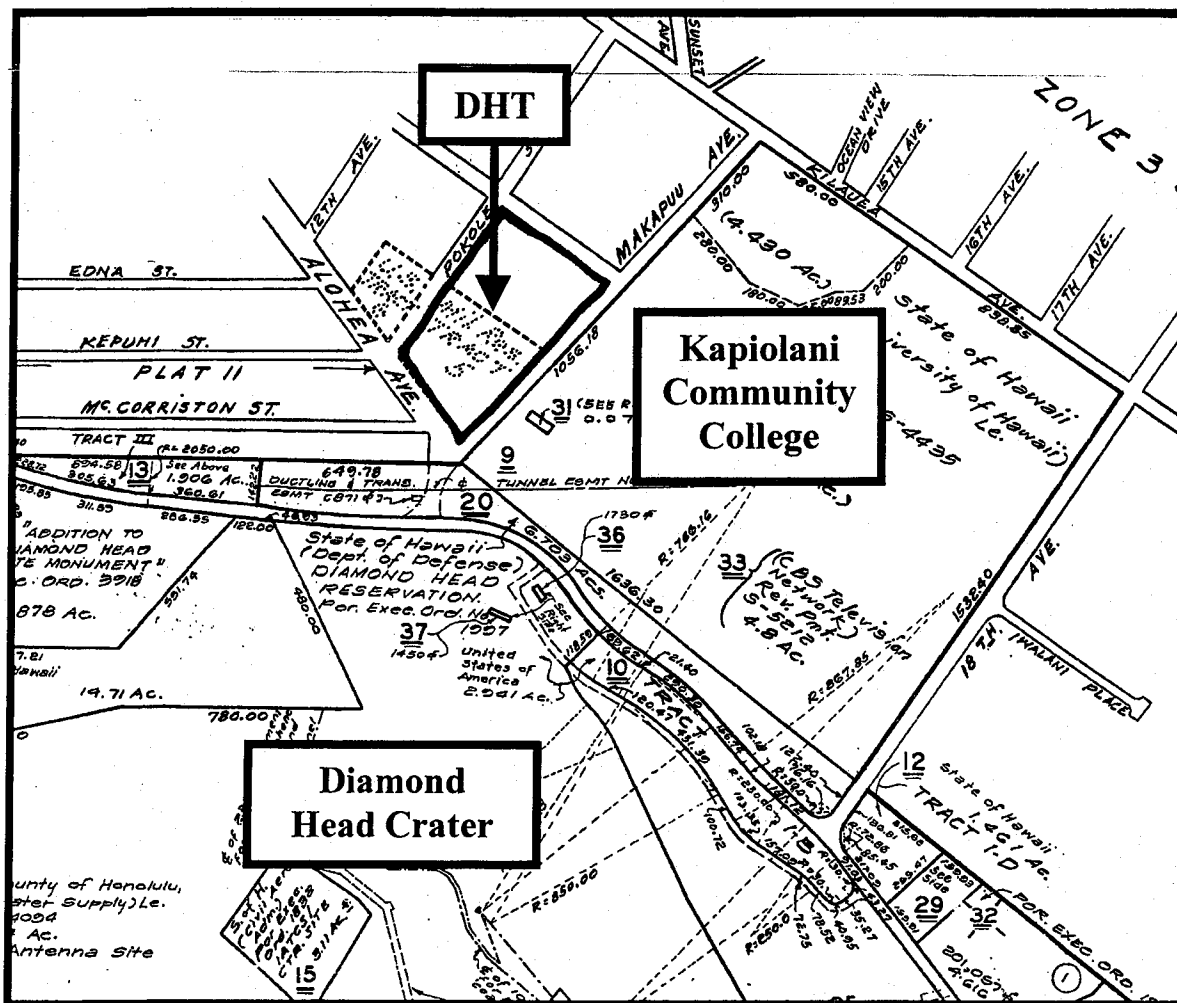

Robert M. Ing
Land Agent

Russell Y. Tsuji
Land Administrator

APPROVED FOR SUBMITTAL:


Peter T. Young, Chairperson

Approved As Amended. The Board amended Staff's Recommendation by: (a) amending Recommendation 3.B., by replacing the last sentence with "The rent under the new Lease shall be set at \$480.00 per annum and 10% of the gross rental receipts received by DHT when it rents out the Diamond Head Theatre facilities to third parties."; and (b) Replacing Recommendation 3.C. in its entirety with "The term of the new Lease shall be for forty (40) years, with an option to extend for an additional twenty-five (25) years upon such terms and conditions as may be negotiated and agreed upon by the Board and DHT."



**Mutual Cancellation of GL4411;
 Issuance of new 65-year Direct Lease to Diamond Head Theatre, Inc.
 TMK: (1) 3-1-30:01**

EXHIBIT "A"

APPLICATION AND QUALIFICATION QUESTIONNAIRE
(Non-Profit)

Write answers in the spaces provided. Attach additional sheets as necessary, clearly indicating the applicable section number.

Part I: General Information

1. Applicant's legal name: Diamond Head Theatre
2. Applicant's full mailing address:
520 Makapuu Ave. Honolulu, HI 96818
3. Name of contact person: Geraldine (Deena) Dray
Contact person Phone No.: 733-027 ext. 301
4. Applicant is interested in the following parcel:
Tax Map Key No.: (1) 3-2-030:001 Location: 520 Makapuu Ave Honolulu 96816
If Applicant is current lessee: General Lease No.: S-4411
5. When was Applicant incorporated? April 17, 1944
6. Attach the following:
 - A. Articles of Incorporation
 - B. Bylaws
 - C. List of the non-profit agency's Board of Directors
 - D. IRS 501(c)(3) or (c)(1) status determination
 - E. Tax clearances from State of Hawaii and respective county Real Property Tax Office.
 - F. Audited financial statements for the last three years. If not audited, explain why.
If Applicant is a new start-up, attach projected capital and operating budgets.
 - G. Any program material which describes eligibility requirements or other requirements to receive services

Part II: Qualification

7. Is Applicant registered to do business in Hawaii: Yes/No
8. Has Applicant received tax exempt status from the Internal Revenue Service? Yes/No
9. Is Applicant licensed or accredited in accordance with federal, State or county statutes, rules, ordinances, to conduct the proposed activities? Yes/No

List all such licenses and accreditations required: Registered with DCCA; accredited by Better Business Bureau; Member of American Assoc. of Community Theatres; Licensing obtained from theatrical royalty houses per show.

10. Is Applicant in default or otherwise not in good standing with any State department (e.g. POS agency, DCCA, DLNR, etc.)? Yes/No

EXHIBIT "B"

If yes, explain: N/A

11. Has Applicant had a State of Hawaii lease, permit, license, easement or sale in fee cancelled within the last five years? If yes, list:

Yes ☒ No

| <u>Doc. No.</u> | <u>Type of Agreement</u> | <u>Term of Agreement</u> |
|-----------------|--------------------------|--------------------------|
| N/A | | |

12. Does Applicant have any policies which discriminate against anyone on the basis of race, creed, color, national origin, sex or physical handicap?

Yes ☒ No

If yes, explain:

13. Has Applicant received funding from a federal, State, or county government agency, the Aloha United Way, and/or a major private foundation within the last three years? Please list all such contracts below:

Yes ☒ No

| <u>Agency</u> | <u>Contract Term</u> | <u>Contract Amount</u> |
|---|----------------------|------------------------|
| SFCA | 5/03- 7/03 | \$6,333 |
| SFCA | 7/03 - 10/03 | \$7,286 |
| SFCA | 3/05 - 6/05 | \$8,354 |
| SFCA | 10/05- 12/05 | \$10,000 |
| Combined Federal campaign (annual) | 4/03 - 2/05 | \$3,500 average |
| Hawaii Community Foundation (Black Trust) annual allocation as beneficiary | annual | \$47,000 average |
| Hawaii Community Foundation | 11/04-5/06 | \$30,000 |

14. If Applicant has not received funding from a federal, State or county government agency, the Aloha United Way and/or a major private foundation during the past three years, describe Applicant's qualifications to effectively perform the proposed services, including but not limited to, grants or subsidies received from non-major, private funders and/or staff or Board members who possess significant experience in Applicant's service field. N/A

EXHIBIT "B"

Part III: Program Activities and Persons to be Served

15. What activities will be conducted on the premises to be leased?

Diamond Head Theatre is a non-profit community theatre founded by New England missionary families in 1915. The theatre group, which started out as "The Footlights" and was later re-named "Honolulu Community Theatre", is the third oldest continually operating community theatre in the nation. Diamond Head Theatre offers six theatrical productions each season to over 15,000 theatre-goers, presenting the latest musicals, plays and traditional favorites. DHT also offers comprehensive performing arts training for children and adults, in voice, dance and acting through special workshops and regular class sessions.

16. What are the specific objectives of these activities?

These performances are designed to stimulate in the public, an interest and understanding of the art of theatre, by providing quality entertainment and an opportunity to participate in all phases of production. Our shows are cast, built and produced with the help of hundreds of volunteers who contribute their time, talent and energy under the guidance of theatre professionals.

17. Describe the community need for and the public benefit derived from these activities.

Diamond Head Theatre, a 90-year old institution, provides entertainment and participation in the performing arts. From the audience member, to the volunteer usher, to the set designer, to the volunteer actor, to the student and teacher, we provide opportunity, employment and education in theatrical arts. We function as a community center where one can feel useful, applauded, welcomed and nurtured.

18. Describe the targeted population for these activities by: 1) age group, 2) gender, 3) ethnic background, 4) income level, 5) geographic location of residence, 6) special needs/disability, and 7) other applicable characteristic(s).

No specific targeted population; Diamond Head Theatre is open to all incomes, age groups etc. We target primarily the island of Oahu however we have Neighbor Islanders attend our performances. We designate the second Sunday matinees for hearing and sight impaired and have signers and audio describers for those performances. We also offer headsets at all performances for the hearing impaired.

19. Describe all eligibility requirements of clients to participate in the activities, e.g. age, income level, ethnic background, income level, disability, etc.

No eligibility requirements. We welcome all.

20. Do you require membership to participate in these activities?

Yes/No

If yes, list the requirements of becoming and remaining a member: N/A

EXHIBIT "B"

21. How many unduplicated persons will engage in the activities annually?

| <u>Activity</u> | <u>Persons Per Year</u> |
|------------------|-------------------------|
| Classes | 300 |
| Volunteers | 400 |
| Audience Members | 15,000 |
| Professionals | 25 |

22. Is State funding made available for the activities to be conducted on the leased premises?

Yes/No

If yes, by which State agency: State Foundation on Culture & The Arts

23. List all activities to be conducted on the leased premises which require payment of excise taxes, e.g. subleasing, sale of products or services. Include an estimate of annual gross revenues from each activity.

Rental of costumes, facility and theatrical scenic elements: \$41,200

Sales of refreshments to theatre patrons: \$20,400

On premise fundraiser: gross revenue: \$135,000; (GET on \$13,650)

Development of the Land

24. Describe the proposed site development plan for the property, indicating the location and size of buildings, parking areas, landscaped areas and related uses. Attach sketch of plan if available.

No development planned as yet

25. What improvements to the land do you intend to make and at what cost?

26. How will the improvements be funded?

27. Describe all environmental, land use and other permitting requirements which must be met to develop the land as proposed. N/A

EXHIBIT ⁴⁶ B ⁷⁷

28. Will you be subleasing any portion of the property? If yes, describe the sublease uses:

We do not sublease nor do we intend to. We currently rent the theatre to other groups for theatrical, cultural and educational purposes.

Part V: Notarized Certification

I/We hereby certify that the statements and information contained in this Application and Questionnaire, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, I/we may be disqualified from receiving a lease or my/our lease may be canceled.

Diamond Head Theatre

Applicant Name

Applicant Name

By: [Signature]

By: _____

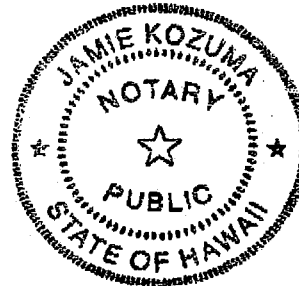
Its: Executive Director

Date: 6/5/06

Subscribed and sworn to before me this

9th day of MAY, 2006

[Signature]
Notary Public



County of: _____ JAMIE KOZUMA
NOTARY PUBLIC FIRST JUDICIAL CIRCUIT

State of: _____ STATE OF HAWAII
COMMISSION EXPIRES 2/13/2009

My commission expires: _____

EXHIBIT "B"

Diamond Head Theatre



[About Us](#) | [Tickets](#) | [Education & Youth](#) | [Contributions](#) | [Rentals](#) | [Volunteers](#) | [Events & Activities](#) | [Auditions](#)

History

[View Historic Photos](#) | [Seasonal Photos](#) | [View A Chronicle of Productions](#)



On April 28, 1915, a new theatrical group called The Footlights was born when Will Lewers, Mrs. Walter F. Dillingham, Helen Alexander, Margaret Center and Gerr Wilder appeared in *The Amazons* by Pinero. The performance took place at the Honolulu Opera House, where our main Post Office on Merchant Street now stands. The legacy of those theatre lovers has grown into the third-oldest, continuously operating theatre in the entire United States.

In 1934, The Footlights reorganized and took on a new name: Honolulu Community Theatre. In the original mission statement still honored today, the theatre committed itself to community service through the art of theatre, involving the people of Hawaii as audience members, staff, crew and performers.

During World War II, Honolulu Community Theatre productions entertained thousands of troops at over 300 performances throughout the Pacific (a tradition we continued with the Pacific tour of *Ain't Misbehavin'* during the 1990 season). Then, in 1952, Honolulu Community Theatre took up residence in the Fort Ruger Theatre, the Army Post's then movie house. Major refurbishments to make that structure a fully modern venue for stage productions included the addition of scene and costume shops, installation of lighting and sound systems, handicapped-accessible restrooms, a first-ever lobby for our patrons and an upstairs add for expanded office space, spotlights, and sound and lighting boards.

Then, in 1990, came a new name for an old friend and Honolulu Community Theatre became Diamond Head Theatre. With a new energy and professionalism, Diamond Head Theatre committed to excellence and community involvement now more than ever before.



click here to
**JOIN OUR
MAILING LIST**

Each season we offer six mainstage theatrical productions, including five major musicals, on a scale that rivals that of Broadway. We provide theatre workshops to train residents of Hawaii in the theatrical arts. Acting, voice and dance classes for children, teens, and adults are offered throughout the year. The Diamond Head Theatre Shooting Stars, a youth performance arts troupe, provides exposure and polish to the rising young stars of tomorrow. Finally, more than 15,000 volunteer hours per season keep Diamond Head Theatre at the forefront of the theatre and provide volunteers with experience in the arts and job skills in the theatrical industry.

Diamond Head Theatre, the Broadway of the Pacific, is proud of its 90-year history and enthusiastic about its growth and future.

©2001 Diamond Head Theatre | [Site Map](#) | [Photo Credits](#) | [Home](#) | Powered by Six D Studios

EXHIBIT "B"



Facility Rental

Theatre Rental Application

HOW DO I RENT THE THEATRE?

Fill out the Theatre Rental Application.

Mail it to the theatre at:
520 Makapuu Avenue
Honolulu, HI 96816
Attn: Rentals

Or fax it to: 808-735-1250

Diamond Head Theatre will review the application and contact you to advise if the date(s) and time(s) requested is available.



RENTAL RATES

Theatre

Seating Capacity: 473 [[click here for seating chart](#)]

Rehearsals & Performances

| | |
|-----------------|------------------|
| Standard Rate | \$ 1,200 per day |
| Limited Scope | \$ 800 per day |
| Non-Profit Rate | \$ 600 per day |

Private Lecture/Seminar

| | |
|---------------|----------------|
| Standard Rate | \$ 600 per day |
|---------------|----------------|

Rehearsal Hall

| | |
|---------------|----------------|
| Standard Rate | \$ 75 per hour |
| | \$ 350 per day |

Green Room

| | |
|---------------|----------------|
| Standard Rate | \$ 75 per hour |
| | \$ 350 per day |

Personnel

| | |
|----------------------|----------------|
| Technical Supervisor | \$ 25 per hour |
| House Manager | \$ 25 per hour |

| | |
|--------------------|----------------|
| Audio Supervisor | \$ 25 per hour |
| Lighting Director | \$ 25 per hour |
| Spotlight Director | \$ 25 per hour |

RENTAL INFORMATION



All rates quoted are subject to change depending on the scope of the rental. Final rates v determined once a date has been agreed upon by both Diamond Head Theatre and the customer, with a contract drawn up specific to the terms for that particular rental. Upon signing, a 50% deposit for the facility rental will be required.

Light and sound equipment currently part of Diamond Head Theatre's inventory will be provided at no additional charge. Should additional equipment be required, costs will be provided by Diamond Head Theatre in advance.

Prices are subject to a 4.166% General Excise Tax.


Diamond Head Theatre will not sell tickets for any rental events.

Nothing may be sold inside or outside the theatre (T-shirts, books, souvenirs, etc.) without written permission of Diamond Head Theatre.

Diamond Head Theatre is not responsible for any personal property left in the theatre.

For further rental information, call 808-733-0277, extension 303.

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Diamond Head Theatre

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PERFORMING ARTS PROGRAM

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HOMESCHOOL PERFORMING ARTS PROGRAM

YEAR-ROUND CLASSES



| | |
|----------------------------------|--------------------------------|
| Acting for Children | Acting for Adults |
| Broadway Vocal Ensemble Workshop | Musical Theatre Experience |
| Flamenco Dance | Hip - Hop |
| Ballet & Tap for Young Dancers | Adult Ballet - Beginner Basics |
| Tap | Tap for Musical Theatre |
| Contemporary Jazz Dance | Broadway Jazz - Age 18 & up |

PERFORMING ARTS CLASSES

Spring 2006

April - June



Not all of the students in the Diamond Head Theatre Performing Arts Program will become stars of stage and screen. But some might! Not all will appear on our own stage. But many. Each and every student will, however, have a marvelous time while learning singing, acting and/or dancing in our classes.

Curricula change with each class session, so even repeat students will learn new and different aspects of their craft.

NEW CLASSES! New teachers!

Hip-Hop for ages 8+, taught by Renee Oshiro

Adult Ballet - Beginner Basics for ages 16+, taught by Anna Motteler

All classes are held at the theatre. Register today!

Acting for Children

Instructor: ANN HAMILTON OGILVIE

Students learn to stretch their imaginations while learning specific acting skills including such as projection, auditioning for musicals and non-musicals, as well as basic theatre terminology. Poise and self-confidence will be acquired through theatre games and story dramatization.

AGES 6-9

DHT Stage

Saturday, April 8 - June 17, 2006 (10 weeks)

• no class on May 27

9:00 - 10:00 a.m.

Fee: \$100

AGES 10-13

DHT Stage

Saturday, April 8 - June 17, 2006 (10 weeks)

• no class on May 27

10:00-11:00 a.m.

Fee: \$100

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Acting for Adults

Instructor: BILL OGILVIE

Emphasis will be placed on developing the actor's skills, building self-confidence, and learning the elements of stage movement and stage business. Scenework, understanding the dynamics of a scene, exploring different approaches to characterization, discovering "objectives" and committing to action, finding the "beats", heightening the senses and imagination ("what if?"), and taking a look at different "styles" and dialects will be covered. Actors (and would be actors) will benefit from this dynamic class.

DHT Rehearsal Hall/DHT Stage

Sunday, April 9 - June 18, 2006 (10 weeks)

• no class on May 28

7:00 - 9:00 p.m.

Fee: \$140

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Broadway Vocal Ensemble Workshop

Instructor: NANILISA PASCUA

This class is designed to give students more self-confidence and a better understanding of vocal techniques and dynamics. Vocal instruction, proper breathing, vocal production, and vocal techniques will be covered.

AGES 9 - 16 years old

DHT Rehearsal Hall

Tuesday, April 4 - June 6, 2006 (10 weeks)

4:45 - 5:45 p.m.

Fee: \$110

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Musical Theatre Experience

Instructors: ANN HAMILTON OGILVIE, NANILISA PASCUA, YVONNE YANAGIHARA GOSS

The course is designed to provide a fun-filled experience which includes theatre games, improvisations, vocal and physical exercises, introductory ear training, dance styles and technique plus much, much more!

AGES 7-13 years old
DHT Rehearsal Hall
Monday, April 3 - June 12, 2006 (10 weeks)
• no class on May 29
5:30 - 6:45 p.m.
Fee: \$125

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Flamenco Dance

Instructor: VANESSA CHONG

These courses cover rhythms, posturing, arm- and foot-work, and the most popular Flamenco dances.

• Dance attire should include a full skirt and character shoes for women and heeled boots for men.

ALL LEVELS
DHT Rehearsal Hall
Wednesday, April 5 - May 17, 2006 (7 weeks)
6:00 - 7:00 p.m.
Fee: \$105

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Hip-Hop

Instructor: RENEE OSHIRO

Learn to move and groove like your favorite pop star! This class will infuse high energy, hip hop and street dance moves into mini routines. Each class will include warm-ups, strength and flexibility exercises, and dance sequences focusing on style and technique.

• Attire: Loose fitting clothes, supportive athletic shoes and kneepads

AGES 8+
DHT Rehearsal Hall
Monday, April 3 - May 22, 2006 (8 weeks)
4:30 - 5:30 p.m.
Fee: \$100

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Ballet & Tap for Young Dancers

Instructor: NANCY JENSEN

A combination of beginning ballet and tap dance will emphasize a positive approach to dance training. Her class is taught through images and stories that appeal to the young child. Students will learn classical ballet positions, ballet barre, ballet conditioning, ballet steps, travel, and short dances. Tap dance will introduce basic steps, combinations and technique.

• Pink ballet shoes, pink leotards, and tap shoes are required.

[Click for photo](#)

AGES 4
DHT Rehearsal Hall
Friday, April 7 - June 9, 2006 (10 weeks)
3:45 - 4:30 p.m.

Fee: \$100
(Enrollment limited to 12)

AGES 5 & 6
Friday, April 7 - June 9, 2006 (10 weeks)
4:30 - 5:30 p.m.

Fee: \$110
(Enrollment limited to 12)

INTERMEDIATE CLASS: AGES 6 & 7
DHT Rehearsal Hall
Friday, April 7 - June 9, 2006 (10 weeks)
5:30 - 6:30 p.m.
Fee: \$110
(Enrollment limited to 12)

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Adult Ballet - Beginner Basics

Instructor: ANNA MOTTELER

If you've tried other beginner classes only to find that you don't understand the vocabular and the very basic positions of ballet, this is a unique opportunity to learn from the very beginning. Ballet is the foundation for all dance forms and this class is the perfect starting place for those who have always wanted to learn to dance. Even if you have taken other dance classes, you will learn basic ballet technique that will help you improve your skills. Using a combination of classical music and Broadway tunes, this class will make you feel DANCING!

- No previous dance experience or training is necessary.
- Ballet shoes are required.

AGES 16+
DHT Rehearsal Hall
Saturday, April 8 - June 3, 2006 (8 weeks)
• no class on May 13
12:45 - 1:45 p.m.
Fee: \$100

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Tap

Instructor: CARYN YEE

The Beginner Tap class will focus on basic tap steps and simple combinations. It is design for dancers with little or no experience. The Intermediate/Advanced Tap class will introduce more challenging tap steps, combinations, rhythms, and routines. The advanced dancers also learn to improvise and create their own rhythms. The Adult Multi-level Tap class will include basic to advanced steps and rhythms, adjusted for each student's level.

BEGINNER'S CLASS

(Ages 7 - 15)
DHT Rehearsal Hall
Thursday, April 6 - June 8, 2006 (10 weeks)
4:00 - 5:00 p.m.
Fee: \$110

INTERMEDIATE / ADVANCED CLASS

(Ages 7 and up)
DHT Rehearsal Hall
Thursday, April 6 - June 8, 2006 (10 weeks)
5:00 - 6:00 p.m.
Fee: \$110

ADULT MULTI-LEVEL CLASS

(Ages 16 and up)

DHT Rehearsal Hall

Thursday, April 6 - June 8, 2006 (10 weeks)

6:00 - 7:00 p.m.

Fee: \$110

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Tap for Musical Theatre

Instructor: NANCY JENSEN

Students will learn the steps, combinations and techniques most closely associated with some of the most popular Broadway musicals. Classes are for teens and adults.

LEVEL I

DHT Rehearsal Hall

Saturday, April 8 - June 10, 2006 (10 weeks)

9:15 - 10:15 a.m.

Fee: \$120

LEVEL II

DHT Rehearsal Hall

Saturday, April 8 - June 10, 2006 (10 weeks)

10:15 - 11:15 a.m.

Fee: \$120

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Contemporary Jazz Dance

Instructor: DEANNA LUSTER

This class uses contemporary music to move in a fusion of jazz, modern, ballet and theatre dance techniques. A foundation is created with a warm-up based on stretching, conditioning and technique to prepare you to express yourself through the language of DANCE.

- Jazz shoes, boots or sneakers recommended.

ADULT (17 +)

DHT Rehearsal Hall

Tuesday, April 4 - June 6, 2006 (10 weeks)

5:45 - 7:00 p.m.

Fee: \$110

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Broadway Jazz - Age 18 & up

Instructor: JOHN RAMPAGE

This is one of our most popular classes. Whether you're an experienced pro or a newcomer to the stage, you'll have a ball learning the dance styles used in theatre today, helping you become the performer who gets the part!

DHT Rehearsal Hall

Saturday, April 8 - June 10, 2006 (10 weeks)

11:15 a.m. - 12:30 p.m.

Fee: \$120

(Enrollment limited to 25)



Shooting Stars



Under the direction of Diamond Head Theatre's award-winning Artistic Director John Rampage and his talented staff, the Diamond Head Theatre Shooting Stars feature some Hawaii's most talented performers, ages 7-17.

The program offers comprehensive training in all areas of musical theatre production, including different dance styles, voice, production set-up and design, and theatre performances.

The Shooting Stars have entertained audiences on land and sea with an extensive repertoire of show tunes and choreography. They have performed at Washington Place, in Jim Nab Christmas show, at The Honolulu Advertiser's 'Ilima Awards, with the Honolulu Symphony well as in their own productions of *Little Shop of Horrors*, *Damn Yankees*, *42nd Street* and *Cinderella*.



Special productions for "theme parties" are available at reasonable costs. If you would like more information on the Shooting Stars, or would like to set up a booking, please call Diamond Head Theatre at 808-733-0277, extension 302.

Diamond Head Theatre
Facility Rental History

| <u>Rental Type</u> | <u>FYE</u> | | |
|--------------------|------------------|------------------|------------------|
| | <u>8/31/2003</u> | <u>8/31/2004</u> | <u>8/31/2005</u> |
| Non Profit | 25,104 | 22,151 | 19,302 |
| Profit | 313 | 3,078 | 1,042 |
| Total Rentals | 25,417 | 25,229 | 20,344 |

EXHIBIT "C"

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

January 26, 2001

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Statewide

RESUBMITTAL: Amendment to the Sublease Rent Participation
Policy

BACKGROUND:

On May 26, 2000, under agenda item D-24, the Board of Land and Natural Resources ("Board") approved the "Revision to Sublease Rent Participation Policy" (refer to Exhibit A). The policy was stated as follows:

"The following policy shall apply to leases under the direct management of the Land Division.

- 1) For unimproved lands, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State.
- 2) For improved lands, the Board shall not receive any portion of sublease rents obtained from subleasing improved space unless that right and method of calculation are specifically stated in the lease."

Recently, staff has come across a situation which this sublease policy does not address. The non-profit Waimanalo Teen Project was issued general lease S-5468 under section 171-43.1, HRS, and received nominal rent (25% of fair market) at \$317 per year (see Exhibit B for calculation). Sometime in mid-1999, the Waimanalo Teen Project requested that they be able to sublet part of their building to Castle Medical Center.

On July 9, 1999, under agenda item D-16, the Board approved and amended staff's recommendation to amend General Lease S-5468 by allowing for subleasing under the lease. The Board amended staff's recommendation by deleting the consent to sublease with Castle Medical Center due to concerns regarding the calculation of the sublease sandwich amount and the issue of whether Castle Medical Center was a for-profit operation circumventing the public auction process.

Based on staff's addressing of these concerns, the Board

As Amended
APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON

January 26, 2001. per

ITEM D-8

EXHIBIT "D"

consented to the sublease between Waimanalo Teen Project and Castle Medical Center on November 19, 1999 under agenda item D-27. Item 4 of the recommendation was amended as follows:

"Increase of the annual rental by the amount of the annual sandwich rental profit as calculated by the staff appraiser, subject to adjustment upon renegotiation of the sublease or reopening of General Lease S-5468, or change in the policy."

Regarding the added language, Board meeting minutes reveal that there had been concern about a discrepancy in the sandwich rental calculations. The Administrator suggested deferring this item until a Board briefing to discuss a revision to the sublease policy could be conducted. The Waimanalo Teen Project accepted the rent as calculated and indicated a need to get Castle Medical Center onto the property. In response, the Board approved the consent to sublease and added that the consent would be subject to any future change in the sublease policy.

Based on this situation, staff is recommending changes to the Sublease Rent Participation Policy in this submittal. (This submittal was deferred by the Board on December 15, 2000 to allow the new Chairperson and Board Member McCrory the opportunity to comment on this matter.)

REMARKS:

When the Revision to Sublease Rent Participation Policy was drafted, staff did not account for the situation where a non-profit pays less than fair market rent. As such, staff did not address the public policy question of whether a non-profit, which is being subsidized by the State through nominal rent, should be subject to the same sublease policy provisions as lessees who are paying fair market rent.

Upon discussion among staff, including the staff appraiser, we believe that the sublease policy, as approved, should not apply to any lessee who is paying less than fair market rent. In this case, the lessee is receiving a State subsidy and should not be allowed to solely benefit from subleasing the State property without participation by the State, even where the improvements constructed by the lessee are being subleased rather than raw land.

Further, staff noticed that the approved sublease policy stated "for improved lands, the Board shall not receive any portion of sublease rents obtained from subleasing improved space unless that right and method of calculation are specifically stated in the lease."

This provision was based on the premise that the lessee constructed the improvements and assumed the risk and therefore should solely benefit from any subleasing arrangements. Staff would like to clarify where the State owns the improvements (i.e., the lessee assumed no risk), then the lease rent would be revised to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent.

RECOMMENDATION:

That the Board amend the Revision to Sublease Rent Participation Policy approved by the Board on May 26, 2000, under agenda item D-24, by:

- A. Amending paragraph 2) of the Recommendation section by replacing the entire "Policy" statement to read as follows:

"Policy"

This policy shall apply to leases under the direct management of the Land Division.

1. For lessees paying fair market rent:

- a. If the lessee subleases unimproved lands, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State. The following calculation shall be used:

| | |
|---------------------------------|--------|
| Annual Sublease Ground Rent | \$ |
| LESS: General Excise Tax | \$ () |
| Net Annual Sublease Ground Rent | \$ |
| LESS: Annual Ground Rent | \$ () |
| Additional Annual Rent | \$ |
| MULTIPLIED by 50% | x .50 |
| Additional Annual Rent Due DLNR | \$ |

- b. If the lessee subleases improvements owned by the State, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State. The following calculation shall be used:

| | |
|---|--------|
| Annual Sublease Income | \$ |
| LESS: General Excise Tax | \$ () |
| Net Annual Sublease Income | \$ |
| LESS: Allowances | \$ () |
| Management and vacancy loss (eff. inc. x %) | |
| Repair and maintenance | |
| Real property tax | |
| Insurance | |
| Ground lease rent | |
| Additional Annual Income | \$ |
| MULTIPLIED by 50% | x .50 |
| Additional Annual Rent Due DLNR | \$ |

- c. If the lessee subleases improvements not owned by the State, the Board shall not receive any portion of sublease rents from subleasing improved space unless that right and method of calculation are specifically state in the lease.

2. For lessees paying any amount less than fair market rent:

- a. If the lessee subleases unimproved lands, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State. The calculation delineated in 1.a. above shall be used.
- b. If the lessee subleases improvements owned by the State, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State. The calculation delineated in 1.b. above shall be used. *changed to 100%*
- c. If the lessee subleases improvements not owned by the State, the Board shall revise the rent to include as additional rent, 50% of that portion of the sublease rent in excess of the original ground rent paid to the State. The following calculation shall be used:

| | |
|---|--------|
| Annual Sublease Income | \$ |
| LESS: General Excise Tax | \$ () |
| Net Annual Sublease Income | \$ |
| LESS: Allowances | \$ () |
| Management and vacancy loss (eff. inc. x %) | |
| Investment return (total invest. X %) | |
| Repair and maintenance | |
| Real property tax | |
| Insurance | |
| Ground lease rent | |
| Additional Annual Income | \$ |
| MULTIPLIED by 50% | x .50 |
| Additional Annual Rent Due DLNR | \$ " |

- B. Deleting paragraph 4) of the Recommendation section in its entirety.
- C. The remaining approved recommendations of agenda item D-24 shall remain in effect.

Respectfully Submitted,

Dierdre S. Mamiya

DIERDRE S. MAMIYA, Asst Administrator

APPROVED FOR SUBMITTAL:

Gilbert S. Coloma-Agaran

GILBERT S. COLOMA-AGARAN, Chairperson

8. **Approved as Amended.**—The staff recommendation was amended to read as follows:

This policy shall apply to leases under the direct management of the Land Division. *Furthermore, the following formulae generally reflect the intent of the Board regarding the calculation of sublease sandwich profit and shall serve as guidelines in such calculation. The Board authorizes staff to use their discretion in representing the State's interest in applying these formulae to address the varying subleasing arrangements that may not fit neatly into the formulae.*

Condition 2.b. was also amended by changing "... [50%] to 100% of that portion of the sublease rent ..."